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## H.R. 5385 – Military Construction and Veterans Affairs and Related Agencies Appropriations, 2007

Calendar No. 525

*On July 20, 2006, the Appropriations Committee reported H.R. 5385, with an amendment in the nature of a substitute, by a vote of 28-0; S. Rept. 109-286.*

### Noteworthy

- As reported to the Senate, H.R. 5385 provides \$94.32 billion in new budget authority, which is \$434.4 million below the Administration's request but \$8.43 billion above the FY06 enacted level.
- H.R. 5385 provides \$16.26 billion for military construction for the active and reserve component accounts, which is \$435.7 million below the Administration's request but \$2.23 billion above the FY06 enacted level. Included in this amount is \$6.73 billion (excluding rescissions and emergency appropriations) for military construction for the active and reserve components, which is \$284.6 million above the Administration's request and \$419.0 million above the FY06 enacted level.
- H.R. 5385 provides \$5.43 billion for the base realignment and closure account (BRAC), 2006, which is \$389.1 million below the Administration's request.
- H.R. 5385 provides \$77.91 billion for the Department of Veterans Affairs (VA). Of this funding, \$36.49 billion is discretionary funding, which is equal to the Administration's request and \$28.69 billion is for Medical Services, which is equal to the Administration's request.
- On May 19, the House passed its version of H.R. 5385 by a vote of 395-0.

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## **Background**

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The Military Construction and Veterans Affairs and Related Agencies appropriation bill provides necessary funding for the planning, design, construction, alteration, and improvement of military facilities worldwide, both for Active and Reserve forces. It also finances the cost of military family housing and the U.S. share of the NATO Security Investment Program. In addition, the bill provides funding to implement base closures and realignments authorized by law. The bill provides resources to the Department of Veterans Affairs for veterans benefits and care. The bill also provides funding for U.S. cemeteries and battlefield monuments both in the United States and abroad; U.S. Court of Appeals for Veterans Claims; and Armed Forces Retirement Homes.

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## **Bill Provisions**

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### **Title I – Military Construction**

H.R. 5385 provides \$16.26 billion for military construction for the active and reserve component accounts, which is \$435.7 million below the Administration's request but \$2.23 billion above the FY06 enacted level. Included in this amount is \$6.73 billion (excluding rescissions and emergency appropriations) for military construction for the active and reserve components, which is \$284.6 million above the Administration's request and \$419.0 million above the FY06 enacted level. Significant spending accounts include:

**Active Components:** Provides \$5.65 billion (excluding rescissions and emergency appropriations) for Active Component military construction, which is \$66.0 million below the Administration's request and \$474.7 million below the FY06 enacted level.

- Provides \$2.14 billion for **Army** construction, which is \$78.1 million above the Administration's request and \$380.3 million above the FY06 enacted level.
- Provides \$1.24 billion for **Navy** construction, which is \$76.0 million above the Administration's request and \$92.5 million above the FY06 enacted level.
- Provides \$1.21 billion for **Air Force** construction, which is \$58.7 million above the Administration's request but \$60.8 million below the FY06 enacted level.
- Provides \$1.06 billion for **Defense-wide** construction, which is \$146.8 million below the Administration's request but \$62.6 million above the FY06 enacted level.

**Reserve Components:** Provides \$1.08 billion for Reserve Component military construction, which is \$216.5 million above the Administration's request but \$58.1 million below the FY06 enacted level.

- Provides \$539.8 million for **Army National Guard** construction, which is \$66.6 million above the Administration's request and \$21.9 million above the FY06 enacted level.
- Provides \$252.8 million for **Air National Guard** construction, which is \$127.0 million above the Administration's request, but \$60.1 million below the FY06 enacted level.

- Provides \$191.5 million for **Army Reserve** construction, which is \$25.0 million above the Administration's request and \$40.4 million above the FY06 enacted level.
- Provides \$48.4 million for **Naval Reserve** construction, which is equal to the Administration's request and \$2.0 million above the FY06 enacted level.
- Provides \$44.9 million for the **Air Force Reserve** construction, which is equal to the Administration's request, but \$59.9 million below the FY06 enacted level.

**North Atlantic Treaty Organization:** Provides \$206.0 million for the North Atlantic Treaty Organization (NATO) Security Investment Program, which is \$15.0 million below the Administration's request but \$1.2 million above the FY06 enacted level. Report language continues a prohibition of funds being used on both the enlargement of NATO and the Partnership for Peace program unless Congress is notified 21 days in advance.

**Family Housing:** Provides \$4.06 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund, which is \$29.0 million below the Administration's request, but \$16.9 million above the FY06 enacted level.

- Provides \$578.8 million for **Army** family housing construction, which is \$16.2 million below the Administration's request, but \$34.7 million above the FY06 enacted level. Provides nearly \$675.6 million for **Army** family housing operation and maintenance, which is \$1.2 million below the Administration's request and \$120.3 million below the FY06 enacted level.
- Provides \$305.1 million for **Navy** family housing construction, which is equal to the Administration's request and \$88.3 million above the FY06 level. Provides \$498.5 million for **Navy** family housing operation and maintenance, which is \$10.6 million below the Administration's request and \$84.2 million below the FY06 enacted level.
- Provides \$1.18 billion for **Air Force** family housing construction, which is \$1.0 million below the Administration's request, but \$91.3 million above the FY06 enacted level. Provides \$755.1 million for **Air Force** family housing operation and maintenance, which is equal to the Administration's request, but \$4.2 million below the FY06 enacted level.
- Provides \$8.8 million for **Defense-wide** family housing construction, which is equal to the Administration's request and \$8.8 million above the FY06 enacted level.
- Provides \$48.5 million for **Defense-wide** family housing operation and maintenance, which is equal to the Administration's request and \$2.6 million above the FY06 enacted level.
- Provides \$2.5 million for the Family Housing Improvement Fund, which is equal to the Administration's request and \$25,000 more than the FY06 enacted level.

**Chemical Demilitarization Construction Program:** Provides \$141.0 million for Chemical demilitarization construction, which is \$10.0 million above the Administration's request and \$141.0 million above the FY06 enacted level.

**Base Realignment and Closure Account (BRAC):** For 1990 Part IV BRAC, provides \$191.2 million which is equal to the Administration's request and \$61.1 million below the FY06 enacted level. For 2005 BRAC, provides \$5.24 billion which is \$389.1 million below the Administration's request, but \$3.75 billion above the FY06 enacted level.

## **Title II – Department of Veterans Affairs**

H.R. 5385 provides \$77.91 billion for Veterans Affairs, which is equal to the Administration's request and \$8.88 billion above the FY06 enacted level, excluding emergency appropriations. Of this amount, \$41.42 billion is mandatory spending. Significant spending accounts include:

**Compensation and Pensions:** Provides \$38.01 billion for compensation and pensions, which is equal to the Administration's request and \$4.11 billion above the FY06 enacted level. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to non-service-connected disabilities, which render them permanently and totally disabled.

**Readjustment Benefits:** Provides \$3.26 billion for Readjustment Benefits, which fully funds the Administration's request and is \$47.2 million below the FY06 enacted level. The readjustment benefits appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985.

**Veterans Insurance and Indemnities:** Provides \$49.9 million for Veterans Insurance and Indemnities, which fully funds the Administration's request and \$3.9 million above the FY06 enacted level. The veterans insurance and indemnities appropriation consists of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; Servicemen's indemnities, applicable to Korean conflict veterans; and veterans mortgage life insurance to individuals who have received a grant for specially adapted housing.

**Veterans Housing Benefit Program Fund Program Account:** Provides \$196.7 million for the Veterans Housing Benefit Program Fund Program Account, which is equal to the Administration's request and \$132.1 million above the FY06 enacted level. With the exception of the Native American Veteran Housing Loan Program and the Guaranteed Transitional Housing Loans for Homeless Veterans Program, this appropriation provides for all costs for the VA's direct and guaranteed housing loans, as well as the administrative expenses to carry out these programs, which may be transferred to and merged with the general operating expenses account.

**Medical Services:** Provides \$28.69 billion for Medical Services, which is equal to the Administration's request and \$4.51 billion above the FY06 enacted level. This account provides for medical services of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis.

**Medical Facilities:** Provides nearly \$3.57 billion for Medical Facilities, which is equal to the Administration's request and \$217.3 million above the FY06 enacted level. This account provides funds for the operation and maintenance of the VA healthcare system's capital infrastructure.

**Medical and Prosthetic Research:** Provides \$412.0 million for Medical and Prosthetic Research, which is \$13.0 million above the Administration's request but equal to the FY06 enacted level. This account provides funds for medical, rehabilitative, and health services research. Medical research supports basic and clinical studies that advance knowledge leading to improvements in the prevention, diagnosis, and treatment of diseases and disabilities.

**National Cemetery Administration:** Provides \$160.7 million for the National Cemetery Administration, which fully funds the Administration's request and \$4.3 million above the FY06 enacted level. The National Cemetery Administration was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery of the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program.

**General Operating Expenses:** Provides \$1.47 billion for General Operating Expenses, which is \$13.0 million below the Administration's request but \$57.2 million above the FY06 enacted level.

**Information Technology:** Provides \$1.26 billion for Information Technology, which is \$1.1 million below the Administration's request but \$42.1 million above the FY06 enacted level. This account encompasses the entire non-pay information technology portfolio for the Department of Veterans Affairs.

### **Title III – Related Agencies**

**American Battle Monuments Commission:** Provides \$42.0 million for American Battle Monuments Commission, which is \$1.3 million above the Administration's request and \$9.0 million above the FY06 enacted level.

**U.S. Court of Appeals of Veterans Claims:** Provides \$19.8 million for the U.S. Court of Appeals for Veterans Claims, which is equal to the Administration's request and \$1.2 million above the FY06 enacted level.

**Armed Forces Retirement Home:** Provides \$54.8 million for the Armed Forces Retirement Home, which is equal to the Administration's request and \$1.6 million below the FY06 enacted level.

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## **Administration Position**

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A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On May 19, the Administration released a SAP on the House-reported bill, H.R. 5385. The Administration supported House passage of H.R. 5385, and looks forward to working with Congress to ensure that the FY06 appropriations bills do not exceed the **\$872.8 billion discretionary funding level** deemed in the FY06 Emergency Supplemental Appropriations Bill. **(The President's Budget includes over 141 program savings and reforms.)** In the SAP, the Administration offered its views on several provisions in H.R. 5385 (including Base Realignment and Closure, Military Construction, VA Major Construction, and transfer authority).<sup>1</sup>

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## **Cost**

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H.R. 5385 would result in the following outlays:

FY 2007	\$71.854 billion <sup>2</sup>
FY 2008	\$9.785 billion
FY 2009	\$5.606 billion
FY 2010	\$2.589 billion
FY 2011 and future years	\$1.092 billion

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<sup>1</sup> <http://www.whitehouse.gov/omb/legislative/sap/109-2/hr5385sap-h.pdf>

<sup>2</sup> This amount excludes outlays from prior-year budget authority. If outlays from prior-year budget authority are excluded, the total is \$2.438 billion.